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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING
Whether there has been a violation
of the Securities Act of Washington by:

SDO - 76 - 00

PTM HOLDINGS, INC. d/b/a THE ROCK
ISLAND PRIVATE RETIREMENT PLAN;
RICHARD PETEROLI; JOHN MELCHER IV;
their agents and employees,

CONSENT ORDER

Respondents.

Case No. 00-02-0044

THE STATE OF WASHINGTON TO: Richard Peteroli and John Melcher IV
PTM Holdings, Inc.
2877 N. Heller Rd.
Oak Harbor, WA 98277

Pursuant to the Securities Act of Washington, the Securities Division of the Department of Financial Institutions, as a basis for this Consent Order, makes the following Findings of Fact and Conclusions of Law:

TENTATIVE FINDINGS OF FACT

I. Respondents

1. **PTM HOLDINGS, INC.** is a Washington corporation with a place of business at 2877 N. Heller Rd., Oak Harbor, WA, and a mailing address at P.O. Box 1046, Oak Harbor, WA. PTM conducts business as The Rock Island Private Retirement Plan, and in the course of business offered an investment opportunity via the World Wide Web.
2. **RICHARD PETEROLI** was the President of PTM Holdings, Inc. at all times relevant to the matters set forth herein. Peteroli resides in Oak Harbor, Washington.
3. **JOHN MELCHER IV** was the Vice-President of PTM Holdings, Inc. at all times relevant to the matters set forth herein. Melcher resides in Oak Harbor, Washington.

CONSENT ORDER

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**DEPARTMENT OF FINANCIAL INSTITUTIONS
Securities Division
PO Box 9033
Olympia, WA 98507-9033
360-902-8760**

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II. Nature of the Offering

In or around February of 2000, Respondents PTM Holdings, Inc., Richard Peteroli, and John Melcher IV acting in concert and on behalf of one another caused to be placed on their web site, <http://www.ptmjnr.com>, an advertisement for an investment opportunity which they named The Rock Island Private Retirement Plan. This web investment offering was accessible to all persons who accessed the site. The advertisement was a solicitation for an investment relating to a private retirement plan.

The web investment offering was described as a ten-year retirement plan, whereby investors were given the choice of investing between \$50 and \$200 per month with PTM Holdings, Inc. through the Rock Island Private Retirement Plan. It was represented that persons investing \$600 per year could expect their plan to have a guaranteed cash value of \$25,000 in ten years. It was further represented that individuals would have the option of allowing the money placed in their plan to appreciate at 17.5% per year for up to ten additional years beyond the initial ten-year plan period. Investors would not need to invest any money beyond the initial ten years of the plan to receive this return, and could expect their plan to have a guaranteed cash value of \$125,406.10 at the end of the 10 additional years.

The web investment offering invited those interested in the plan to contact an agent of PTM Holdings, Inc. by phone or via e-mail. Respondents sent those interested in the plan an information package describing the plan in greater detail and asking them to call PTM Holdings, Inc. for further information regarding making the investment.

III. Misrepresentations and Omissions

Respondent failed to provide offerees with a disclosure document containing complete material information about the investment opportunity described above, including but not limited to financial statements of PTM Holdings, Inc.

1 **IV. Registration Status**

2 The offer and sale of the investments described in paragraph II are not currently registered in the State of
3 Washington and have not previously been so registered.

4 PTM Holdings, Inc., Richard Peteroli, and John Melcher IV are not currently registered as securities
5 salespersons or broker-dealers in the State of Washington and have not previously been so registered.

6 Based upon the above Tentative Findings of Fact, the following Conclusions of Law are made:

7 **CONCLUSIONS OF LAW**

8 **I. Securities**

9 The offer of the investment with PTM Holdings, Inc. d/b/a The Rock Island Private Retirement Plan
10 described above constitutes the offer and/or sale of a security as defined in RCW 21.20.005(10) and (12), to wit:
11 an investment contract; or risk capital.
12

13 **II. Anti-Fraud Provision**

14 The offer of said securities was made in violation of RCW 21.20.010 because, as set forth in paragraph III of the
15 Tentative Findings of Fact, Respondents omitted to state material facts necessary in order to make the statements made,
16 in light of the circumstances under which they were made, not misleading.

17 **III. Registration of Securities**

18 The offer of said securities is in violation of RCW 21.20.140 because no registration for such offer and/or
19 sale is on file with the Securities Administrator of the state of Washington.

20 **IV. Registration of Broker-Dealer and Salespersons**

21 Respondents have each violated RCW 21.20.040 by offering and selling said securities while not registered as
22 a securities broker-dealer or salesperson in the state of Washington.

CONSENT ORDER

The Securities Division and PTM Holdings, Inc. d/b/a The Rock Island Private Retirement Plan, Richard Peteroli, and John Melcher IV have agreed upon a basis for resolution of the matters found and concluded herein. PTM Holdings, Inc. d/b/a The Rock Island Private Retirement Plan, Richard Peteroli, and John Melcher IV agree to the entry of this Consent Order pursuant to the Securities Act of Washington. PTM Holdings, Inc. d/b/a The Rock Island Private Retirement Plan, Richard Peteroli, and John Melcher acknowledge the Securities Division’s jurisdiction over this matter and its authority to enter this order.

Based upon the foregoing, NOW, THEREFORE, IT IS AGREED AND ORDERED that PTM Holdings, Inc. d/b/a The Rock Island Private Retirement Plan, Richard Peteroli, and John Melcher IV and their agents, employees, affiliates, and successors, shall cease and desist from offering and selling securities in any manner in violation of RCW 21.20.010, the anti-fraud provisions of the Securities Act of Washington.

IT IS FURTHER AGREED AND ORDERED that PTM Holdings, Inc. d/b/a The Rock Island Private Retirement Plan, Richard Peteroli, and John Melcher IV and their agents, employees, affiliates and successors, shall each cease and desist from offering and selling securities in any manner in violation of RCW 21.20.140, the securities registration section of the Securities Act of Washington.

IT IS FURTHER AGREED AND ORDERED that PTM Holdings, Inc. d/b/a The Rock Island Private Retirement Plan, Richard Peteroli, and John Melcher IV and their agents, employees, affiliates, and successors, shall each cease and desist from acting as an unregistered securities broker-dealer or salesperson in violation of RCW 21.20.040, the broker-dealer and securities salesperson registration section of the Securities Act of Washington.

IT IS FURTHER AGREED AND ORDERED that PTM Holdings, Inc. d/b/a The Rock Island Private Retirement Plan, Richard Peteroli, and John Melcher IV shall reimburse the Securities Division \$200 for its costs incurred in its investigation of this matter.

WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

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SIGNED this _____ day of _____, 2000.

Signed by:

Richard Peteroli
President of PTM Holdings, Inc.

John Melcher IV
President of PTM Holdings, Inc

ENTERED this 15th day of August , 2000.



DEBORAH R. BORTNER
Securities Administrator

Approved by:

Presented by:

Michael E. Stevenson
Chief of Compliance

Chad Standifer
Staff Attorney